

Chapter 10 - Definitions

Adaptable - Features that make a unit fully usable by physically disabled persons that can be installed upon the request of such persons without structural change to the unit.

Affirmatively Furthering Fair Housing - Actions taken to affirmatively further fair housing must further the policies of the Fair Housing Act and include activities to assure nondiscrimination in housing transactions. The applicant should actively promote wider housing opportunities for all persons regardless of race, color, religion, sex, national origin, familial status, or handicap while maintaining a nondiscriminatory environment in all aspects of the public and private housing market within their jurisdiction.

Affordable - Housing is generally considered affordable if a household pays no more than 30% of its annual gross income for all housing costs including principal, interest, taxes, and insurance (PITI) for homeownership or for rental units, rent plus utility costs.

Affordable Mortgage Payment – The “front-end” ratio (the percentage of a beneficiaries income that goes toward principal, interest, taxes, insurance [PITI], and utilities [optional]) reflects the household’s housing expenses relative to income. The “back-end” ratio (PITI plus other household expenses and debt) reflects the households overall expenses relative to gross income. IHFA requires a front-end ratio that is between 10% and 29% and strongly recommends a back-end ratio between 20% and 41%.

Gross Income multiplied by Front-end Ratio
Less: Utility Costs
Less: Taxes
Less: Insurance
Less: Private Mortgage Insurance
Equals Affordable Mortgage Payment

Gross Income multiplied by Back-end Ratio
Less: Utility Costs
Less: Taxes
Less: Insurance
Less: Private Mortgage Insurance
Less: Child Care
Less: Child Support
Less: All regular debt (credit cards, car notes, etc.)
Equals Affordable Mortgage Payment

Affordability Period – The period of time that an assisted unit must remain affordable to identified levels of low- or moderate-income persons. See the Eligible Activities section for further guidance.

Amortized Loan - A loan that requires the gradual reduction of debt by equal periodic payment sufficient to pay current interest and to extinguish the principal at maturity.

Annual Income - Gross income anticipated to be received by all members of a household during the coming twelve-month period. HOME & CDBG use Section 8 Housing Program Income Definitions found in 24 CFR Part 813.

AMI – Area median income for the county in which the project is located. This figure is revised annually by HUD.

Applicant - 1. Any person or persons applying for assistance through a housing program funded by IHFA.

2. This term also refers to any organization that is applying for any type of funds through IHFA

Assisted Living Facility – For purposes of IHFA’s grants and loans, an assisted living facility is defined as living arrangements in which some optional services are available to residents (meals, laundry, medication reminders), but residents still live independently within the assisted living complex. Residents of such facilities pay a regular monthly rent, and then pay additional fees for the services that they desire. This type of housing is considered an eligible activity for funding under IHFA’s HOME, CDBG, and Housing Trust Fund programs.

Assisted Unit - Any housing unit that receives HOME, CDBG, or Housing Trust Fund funds.

Beneficiary - Person from low and moderate-income family, which includes individuals or families with an annual income equal to or less than 80% of the median family income (adjusted by size) for the target area, or members of certain categories of individuals automatically assumed by HUD to be low- and moderate-income, unless there is information to the contrary. Groups presumed to be low and moderate income apply only to occupants of emergency shelters, youth shelters, and migrant/seasonal farm worker housing funded by CDBG. These are persons that have benefited directly from an IHFA award.

Closed Award –IHFA declares an award closed when all required documentation associated with the award has been approved and the recipient has received a formal letter stating the award is closed. This letter will also contain all on-going compliance requirements if the activity is subject to such requirements.

Community Development Block Grant (CDBG) - A program authorized under Title I of the Housing and Community Development Act of 1974, as amended (42 USC 5301, *et seq.*) (Federal Act). The Indiana Housing Finance Authority (IHFA) administers a portion of the state’s Community Development Block Grant program specifically for affordable housing intended to benefit low and moderate income households.

Community Housing Development Organization (CHDO) - CHDOs must be certified by IHFA and must also pass a threshold capacity assessment to receive funds through the CHDO set-aside. A CHDO certification application is available from IHFA. A CHDO is a specific type of non-profit organization defined exclusively for the HOME program in 24 CFR 92.2. It is a private nonprofit organization that:

- (1) is organized under State or local laws;
- (2) Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
- (3) Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization. A community housing development organization may be sponsored or created by a for-profit entity, but:
 - (i) The for-profit entity may not be an entity whose primary purpose is the development or management of housing, such as a builder, developer, or real estate management firm.
 - (ii) The for-profit entity may not have the right to appoint more than one-third of the membership of the organization’s governing body. Board members appointed by the for-profit entity may not appoint the remaining two-thirds of the board members; and
 - (iii) The community housing development organization must be free to contract for goods and services from vendors of its own choosing;
- (4) Has a tax exemption ruling from the Internal Revenue Service under section 501(c) (3) or (4) of the Internal Revenue Code of 1986 (26 CFR 1.501(c)(3)-1);

- (5) Does not include a public body (including the participating jurisdiction). An organization that is State or locally chartered may qualify as a community housing development organization; however, the State or local government may not have the right to appoint more than one-third of the membership of the organization's governing body and no more than one-third of the board members may be public officials or employees of the participating jurisdiction or State recipient. Board members appointed by the State or local government may not appoint the remaining two-thirds of the board members;
- (6) Has standards of financial accountability that conform to 24 CFR 84.21, "Standards for Financial Management Systems;"
- (7) Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons, as evidenced in its charter, articles of incorporation, resolutions or by-laws;
- (8) Maintains accountability to low-income community residents by:
 - (i) Maintaining at least one-third of its governing board's membership for residents of low-income neighborhoods, other low-income community residents, or elected representative of low-income neighborhood organizations. For urban areas, "community" may be a neighborhood or neighborhoods, city, county or metropolitan area; for rural areas, it may be a neighborhood or neighborhoods, town, village, county, or multi-county area (but not the entire State); and
 - (ii) Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, site, development, and management of affordable housing;
- (9) Has a demonstrated capacity for carrying out activities assisted with HOME funds. An organization may satisfy this requirement by hiring experienced key staff members who have successfully completed similar projects, or a consultant with the same type of experience and a plan to train appropriate key staff members of the organization; and
- (10) as a history of serving the community within which housing to be assisted with HOME funds is to be located. In general, an organization must be able to show one year of serving the community before HOME funds are reserved for the organization. However, a newly created organization formed by local churches, service organizations or neighborhood organizations may meet this requirement by demonstrating that its parent organization has at least a year of serving the community.

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CHDO Proceeds – Profit, other than developer's fee, resulting from a CHDO-eligible project. Rental income that is generated by a CHDO-owned project does not constitute CHDO proceeds. Examples of CHDO proceeds are funds resulting from: the permanent financing of a CHDO project that is used to pay off a CHDO financed construction loan; the sale of CHDO sponsored rental housing to a second non-profit; the sale of CHDO developed homeownership housing; the principal and interest payments from a loan to a buyer of CHDO developed homeownership housing. Once CHDO proceeds are used, there are no further HOME requirements that must be met. Funds generated from the use of CHDO proceeds are not CHDO proceeds.

CHDO-Eligible Activity – Those HOME-funded projects that only state-certified community housing development organizations (CHDOs) propose to own, develop, or sponsor. For purposes of IHFA's programs these activities are limited to transitional housing, rental housing, lease-purchase, permanent supportive housing, and homebuyer activities.

- **CHDO as a "Developer"**: A CHDO is a "developer" when it (1) either owns a property and develops a project, or has a contractual obligation to a property owner to develop a project; and (2) performs all the functions typically expected of for-profit developers, and assumes all the risks and rewards associated with being the project developer.
 - 1) For rental housing, the CHDO must obtain financing, and rehabilitate or construct the project. If it owns the property, the CHDO may maintain ownership and manage the project over the long term, or it may transfer the project to another entity for long-term ownership and management. If

it does not own the property, the CHDO must enter into a contractual obligation with the property owner. This contractual obligation is independent of the PJ. OR

- 2) For homebuyer programs, the CHDO must obtain project financing, rehabilitate or construct the dwelling(s), and have title of the property and the HOME loan/grant obligations transferred to a HOME qualified homebuyer within a specified timeframe. If it does not own the property, the CHDO must enter into a contractual obligation with the property owner. This contractual obligation is independent of the PJ.

In both of the above scenarios, developer fees negotiated with the PJ are eligible soft costs under Section 2.206 of the HOME regulations.

- **CHDO as “Owner”:** The CHDO is an “owner” when it holds valid legal title to or has a long term (99 year minimum) leasehold interest in a rental property. The CHDO may be an owner with one or more individuals, corporations, partnerships or other legal entities. If it owns the project in partnership, it or its wholly owned nonprofit or for-profit subsidiary must be the managing general partner with effective control (i.e., decision-making authority) of the project. The CHDO may be both owner and developer, or may have another entity as the developer.
- **CHDO as “Sponsor”:** A CHDO is a “sponsor” for HOME-assisted rental or homebuyer housing according to the circumstances outlines below. (In either case, the CHDO must always own the property prior to the development phase of the project.):
 - 1) For HOME-assisted rental housing, the CHDO may develop a project that it solely or partially owns and agrees to convey ownership to a second non-profit organization at a predetermined time prior to or during development or upon completion of the development of the project. The HOME funds are invested in the project owned by the CHDO. The CHDO sponsor selects prior to commitment of HOME funds the non-profit organization that will obtain ownership of the property. The non-profit assumes from the CHDO the HOME obligation (including any repayment of loans) for the project at a specified time. If the property is not transferred to the non-profit organization, the CHDO sponsor remains liable for the HOME loan/grant obligation. The non-profit organization must be financially and legally separate from the CHDO sponsor. (The second nonprofit may have been created by the CHDO; nevertheless, it is a separate entity from the CHDO.) The CHDO sponsor must provide sufficient resources to the non-profit organization to ensure the development and long-term operation of the project.

OR

For a HOME-assisted homebuyer program, the CHDO owns a property, then shifts responsibility for the project to another nonprofit at some specified time in the development process. The second nonprofit, in turn, transfers title along with the HOME loan/grant obligations and resale/recapture requirements to a HOME-qualified homebuyer within a specified timeframe. The HOME funds are invested in the property owned by the CHDO. The other nonprofit being sponsored by the CHDO acquires the completed units, or brings to completion the rehabilitation or construction of the property. At completion of the rehabilitation or construction, the second nonprofit is required to sell (transfer) the property along with the HOME loan/grant obligations to a homebuyer. This sponsorship role could include a lease-purchase approach whereby the second nonprofit would lease the property to a homebuyer for a period not to exceed three years. At the expiration of the lease, the second nonprofit must sell or transfer the property along with the HOME loan/grant obligations to the homebuyer. If the property is not transferred, the second nonprofit retains ownership and all HOME rental requirements will apply.

Community Based Development Organization (CBDO) – Is defined in the CDBG regulations 24 CFR 204(c) as an organization which has the following characteristics:

- (i) Is an association or corporation organized under State or local law to engage in community development activities (which may include housing and economic development activities)

- primarily within an identified geographic area of operation within the jurisdiction of the recipient, or in the case of an urban county, the jurisdiction of the county; and
- (ii) Has as its primary purpose the improvement of the physical, economic or social environment of its geographic area of operation by addressing one or more critical problems of the area, with particular attention to the needs of persons of low and moderate income; and
- (iii) May be either non-profit or for-profit, provided any monetary profits to its shareholders or members must be only incidental to its operations; and
- (iv) Maintains at least 51 percent of its governing body's membership for low- and moderate-income residents of its geographic area of operation, owners or senior officers of private establishments and other institutions located in and serving its geographic area of operation, or representatives of low- and moderate-income neighborhood organizations located in its geographic area of operation; and
- (v) Is not an agency or instrumentality of the recipient and does not permit more than one-third of the membership of its governing body to be appointed by, or to consist of, elected or other public officials or employees or officials of an ineligible entity (even though such persons may be otherwise qualified under paragraph (c)(1)(iv) of this section); and
- (vi) Except as otherwise authorized in paragraph (c)(1)(v) of this section, requires the members of its governing body to be nominated and approved by the general membership of the organization, or by its permanent governing body; and
- (vii) Is not subject to requirements under which its assets revert to the recipient upon dissolution; and
- (viii) Is free to contract for goods and services from vendors of its own choosing.

Deferred Loan - A loan that allows postponement of either principal or interest, usually interest. At maturity, all principal and interest will be paid.

Developers Fee - Compensation to the developer for overseeing the development activities.

Development –

Community Development Block Grant: one or more activities which are related and which, when taken together, impact on one specific local need and solves one specific local problem.

HOME Investment Partnerships Program: means a site or sites together with any building (including a manufactured housing unit) or buildings located on the site(s) that are under common ownership, management, and financing and are to be assisted with HOME funds as a single undertaking. The development includes all the activities associated with the site and building.

Disabilities – (According to 24 CFR 92.2) Person with disabilities means a household composed of one or more persons, at least one of whom is an adult, who has a disability.

- 1) A person is considered to have a disability if the person has a physical, mental, or emotional impairment that:
 - (i) Is expected to be of long-continued and indefinite duration;
 - (ii) Substantially impedes his or her ability to live independently; and
 - (iii) Is of such a nature that such ability could be improved by more suitable housing conditions.
- 2) A person will also be considered to have a disability if he or she has a developmental disability, which is a severe, chronic disability that:
 - (i) Is attributable to a mental or physical impairment or combination of mental and physical impairments;
 - (ii) Is manifested before the person attains age 22;
 - (iii) Is likely to continue indefinitely;

- (iv) Results in substantial functional limitations in three or more of the following areas of major life activity: self-care, receptive and expressive language, learning, mobility, self-direction, capacity for independent living, and economic self-sufficiency; and
- (v) Reflects the person's need for a combination and sequence of special, interdisciplinary, or generic care, treatment, or other services that are of lifelong or extended duration and are individually planned and coordinated. Notwithstanding the preceding provisions of this definition, the term “person with disabilities” includes two or more persons with disabilities living together, one or more such persons living with another person who is determined to be important to their care or well-being, and the surviving member or members of any household described in the first sentence of this definition who were living, in a unit assisted with HOME funds, with the deceased member of the household at the time of his or her death.

Elderly – Individuals who are 62 years of age or older.

Emergency Shelters - Temporary daytime and/or overnight accommodations for homeless persons. An emergency shelter may include appropriate eating and cooking facilities. Emergency shelters must serve homeless individuals or families that lack fixed, regular, and adequate nighttime residences, or individuals or families whose primary nighttime residence is:

- (1) A supervised publicly or privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill);
- (2) An institution that provides a temporary residence for individuals intended to be institutionalized; or
- (3) A public or private place not designed for, or ordinarily used as, a regular sleeping accommodation for human beings. This term does not include any individual imprisoned or otherwise detained under an Act of the Congress or a State law. See also Public Facilities.

Entitlement Area - Any metropolitan city or urban county, which is eligible to receive formula allocations of Community Development Block Grant funds directly from the U.S. Department of Housing and Urban Development. The following entitlement communities in Indiana are not eligible to apply for IHFA’s CDBG funds:

Anderson	Elkhart	Goshen	Indianapolis*	Michigan City	South Bend
Bloomington	Evansville	Hamilton County	Lafayette	Mishawaka	Terre Haute
Columbus	Fort Wayne	Hammond	Lake County	Muncie	West Lafayette
East Chicago	Gary	Kokomo	LaPorte	New Albany	

* The Cities of Beech Grove, Lawrence, Speedway, Southport, and the Town of Cumberland located in Hancock County, are not considered part of the Indianapolis entitlement community and are eligible for CDBG funding from IHFA.

Family - All persons living in the same household who are related by birth, marriage, or adoption.

Federal Act - For the Community Development Block Grant (CDBG): Title I of the Housing and Community Development Act of 1974, as amended (42 USC 5301, et seq.); for the HOME Investment Partnerships Program (HOME): Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended (42 U.S.C. 12701 et seq.).

Fixed HOME-Assisted Units – In a rental development where not all the units are HOME-assisted, the applicant determines from the outset which units are the HOME-assisted units. For instance, in a 10-unit rental project, if the applicant designates units A, B, C, D, and E as the HOME-assisted units, these specific units (A through E) remain the HOME-assisted units throughout the period of affordability.

Floating HOME-Assisted Units – In a rental development where not all the units are HOME-assisted, the applicant has the flexibility of maintaining a certain number of HOME-assisted units throughout the affordability period, although the specific unit(s) so designated may vary with availability. For example, with 5 HOME-assisted units in a 10-unit rental project, the applicant would designate five units as HOME-assisted units, and at any given point in time throughout the affordability period, five units must have the HOME-assisted designation, and be occupied by HOME income-eligible tenants. The substituted units must be at least comparable in terms of size, features, and number of bedrooms to the originally designated units. A system of floating units is desirable when applicants want to ensure that assisted units are indistinguishable from and interchangeable with market-rate units. In addition, the system of floating units provides consistency with the system required in developments with Rental Housing Tax Credits.

Forgivable Loan - A loan that allows the retirement of debt, if all applicable conditions are met.

HOME Investment Partnerships Program (HOME) - A program to assist communities in the rehabilitation and creation of affordable housing. This HUD program funded by Title II of the Cranston-Gonzalez National Affordable Housing Act, as amended, is administered by the Indiana Housing Finance Authority (IHFA).

Homeownership - Ownership in fee simple title or a 99-year leasehold interest in a one- to four-unit dwelling or in a condominium unit, or equivalent form of ownership approved by HUD and IHFA.

Household - Persons living in the same dwelling unit, regardless of relationship or economic interdependence.

Joint Venture – A development that is owned, developed, or sponsored by a combination of a for-profit and eligible applicant including non-profit organization, public housing authority, local unit of government, and township. Notwithstanding anything contained herein or elsewhere to the contrary, if an eligible applicant joint ventures or participates in a development with a for profit organization, the eligible applicant must at all relevant times,

- (i) Own at least fifty one percent (51%) of the profits, losses, capital and other economic benefits to be derived from the joint venture, and
- (ii) Maintain at least fifty one percent (51%) of the voting and management control of the joint venture. The term “joint venture” includes, without limitation, the general partnership interests of a partnership and the management interests of a limited liability company and the like.

Leveraging Funds - IHFA requires that applicants provide a minimum of ten percent (10%) leverage on all Community Development Block Grant projects (calculated as 10% of the CDBG requested amount only).

- Cash contributions (except cash contributions by the beneficiary are not eligible as leverage).
- CDBG Program Income.
- Grant equivalent of the present discounted cash value of the yield foregone in a below-market interest rate loan.
- The non-federal cost of infrastructure improvements directly required for CDBG-assisted projects.
- AHP funds from the Federal Home Loan Bank.
- The appraised value of donated land (less any debt that remains as a lien against the property).
- Forbearance of state and/or local taxes, charges, or fees.
- The value of waived fees or charges associated with the transfer or development of real estate.

- Donated or voluntary labor (unskilled labor is currently valued at the rate of \$10/hour) or professional services (the value of skilled labor or professional services is valued at the contributors customary rate).
- Donated construction materials, not acquired with federal funds. Such contributions must be valued at published standardized costs and documentation of the value must be maintained.
- Governmental grants, from HUD or USDA Rural Development, under certain circumstances.

Ineligible Forms of Leverage:

- Contributions made from certain federal/state resources, including but not limited to: CDBG, HOME, Neighborhood Assistance Program (NAP) Credits, Emergency Shelter Grants, and Build Indiana funds.
- Cash from beneficiaries of CDBG assistance.
- Cash or other than sweat equity forms of contributions from recipients of CDBG contracts.
- Overhead costs such as office space or utilities and costs that cannot be directly attributed to the grant.

Local Unit of Government - Counties, incorporated cities, towns.

Low- and Moderate-Income Household - Eighty (80%) percent of the median family income (adjusted for household size) for each county. The income limits shall be as defined by the U.S. Department of Housing and Urban Development Section 8 Income Guidelines for “lower income families.”

Manufactured Housing – Considered an eligible form of housing under IHFA’s programs when it meets IHFA’s Manufactured Housing Policy or rehab will bring the unit up to these standards:

- A single dwelling unit designed and built in a factory, installed as a permanent residence, which bears a seal certifying that it was built in compliance with the Federal Manufactured Housing Construction and Safety Standards Law and which also complies with the following specifications:
 - 1) Shall have been constructed after January 1, 1981, and must exceed nine hundred fifty (950) square feet of occupied space per I.C. 36-7-4-1106 (d);
 - 2) Is attached to a permanent foundation of masonry construction and has a permanent perimeter enclosure constructed in accordance with the One and Two Family Dwelling Code;
 - 3) Has wheels, axles and towing chassis removed;
 - 4) Has a pitched roof;
 - 5) Consists of two (2) or more sections which, when joined, have a minimum dimension of 20’ X 47.5’ enclosing occupied space;
 - 6) Is located on land held by the beneficiary in fee-simple title, recorded land sale contract, or 99-year leasehold and is the principal residence of the beneficiary.

Matching Funds - Eligible contributions as defined in 24 CFR 92.220 (subject to IHFA approval) which are allocated for the HOME project. Matching funds should be expended in a pro-rata manner on project expenses to the greatest extent possible. Starting with HOME applications received and awards made in 1999, applicants are allowed to use the excess match provided on a previous award to count towards the match on a current application provided that they have not received points for additional leverage that relied on the same source. Further guidance on eligible sources of HOME match are found in CPD Notice 97-03.

The percent of local match for HOME is computed on the award amount minus administration, CHDO operating costs, and environmental review expenses. The incidence of match may not fall on the beneficiary. Therefore, contributions by the beneficiary, (other than sweat equity) while part of the

program design, may not be counted towards the match requirements. This, however, in no way diminishes the need to provide documentation about private investment.

The types of match for HOME projects/programs that may be accepted are as follows:

- Cash contributions permanently dedicated to the HOME program from non-federal funds and not donated by the applicant or the designated property owner.
- Program income from a federal grant earned after the end of the award period if no federal requirements govern its disposition (i.e., program income generated from the Rental Rehab Program).
- Grant equivalent of the present discounted value of the yield foregone in a below-interest rate loan.
- The present discounted, cash value, based on customary and reasonable means for establishing value, of State or local taxes, fees, or other charges that are normally and customarily imposed or charged.
- The appraised value of donated land or buildings, except those already owned by the applicant or a principal in the development, less any debt that remains as a lien against the property. Property may also be eligible as a partial donation if it is offered to the applicant at below market value and if the offeror submits a written declaration that the difference between market value and the sale price is intended as a contribution to affordable housing.
- The cost, not paid with federal resources, of on-site or off-site infrastructure improvements that are directly required for the HOME-assisted development. The infrastructure must have been completed no earlier than 12 months before HOME funds are committed to the project.
- Donated site-preparation or construction materials not acquired with federal funds, or the reasonable rental value of the donated use of site preparation or construction equipment.
- Volunteer skilled or unskilled labor and donated professional services. Unskilled labor is currently calculated at the rate of \$10 per hour.
- The direct cost of supportive services provided to families residing HOME-assisted units during the affordability period. The supportive services must be necessary to facilitate independent living or be required as part of a self-sufficiency program.
- Contributions to non-HOME-assisted but HOME-eligible developments, if certain federal requirements are met (income eligibility of occupants, property standards, rent limits, project occupancy requirements, affordability period, and tenant protections).
- Neighborhood Assistance Program (NAP) credits awarded through the Indiana Department of Commerce
- Build Indiana grants

Ineligible forms of match:

- Contributions made with or derived from federal resources, including CDBG funds,
- Rural Development grants or loans,
- The interest rate subsidy attributable to tax-exempt financing or the value attributable to federal tax credits,
- Owner equity or investment in a project,
- Cash or other forms of contributions from applicants (other than sweat equity), or recipients of HOME assistance or contracts, or investors who own, are working on, or are proposing to apply for assistance for a HOME-assisted project, and
- Funds used to pay for administrative, environmental review, or CHDO operating costs.

Mental Impairment – An individual who has a psychiatric disorder that substantially impairs the individual's mental health; and requires care, treatment, training, or detention because of the psychiatric disorder, or for the welfare of the individual or others of the community in which the individual lives.

Migrant Farm Worker - A person employed in agricultural work of a seasonal or other temporary nature who is required to be absent overnight from his or her permanent place of residence. Exceptions are immediate family members of an agricultural employer or a farm labor contractor, and temporary H-2A foreign workers. (H-2A temporary foreign workers are nonimmigrant aliens authorized to work in agricultural employment in the United States for a specified time period, normally less than 1 year.)

Minority Person - As used herein, refers to African-American, not of Hispanic origin; Hispanic (a person of Mexican, Puerto Rican, Cuban, Central or South American or other Spanish culture regardless of race); Asian or Pacific Islander; or Native American.

Multi-Jurisdictional Application – An application from more than one local unit of government. In such cases one of the local units of government is designated as the lead applicant and main IHFA contact for the award.

Not-for-profit - An organization exempt from taxation under IRS code section 501(c)(3) or 501(c)(4). Also called a non-profit.

Nursing Home – A residence that provides room, meals, recreational activities, help with daily living, and protective supervision of residents. Generally, residents have physical or mental impairments, which keep them from living independently. Nursing homes are certified to provide different levels of care, from custodial to skilled nursing (services that can only be administered by a trained professional). Nursing homes are considered ineligible types of housing under IHFA's HOME, CDBG, and Housing Trust Fund programs.

Operating Reserves - Funds used to initially capitalize a reserve fund that covers operating expenses when there are rental income shortfalls over the life of a rental project. These funds cannot be applied to either a HOME or CDBG award. Operating reserves must be capitalized through the development budget (Exhibit 8: Uses of Funds).

Participating Jurisdiction - Any metropolitan city or urban county, which is eligible to receive formula allocations of HOME Investment Partnerships Program funds directly from the U.S. Department of Housing and Urban Development. Applications from, or projects located within, the following participating jurisdictions are not eligible for IHFA's HOME funds unless the request is for transitional housing:

Anderson	Gary	Muncie
Bloomington	Hammond	St. Joseph County Consortium
East Chicago	Indianapolis*	Terre Haute
Evansville	Lake County	Tippecanoe County Consortium
Fort Wayne		

*The Cities of Beech Grove, Lawrence, Speedway, Southport, and the Town of Cumberland located in Hancock County are not considered part of the Indianapolis participation jurisdiction. Housing activities located in these jurisdictions are eligible for HOME funding from IHFA.

Permanent Supportive Housing – Long-term housing with on-going supportive services available for persons who would otherwise be at risk of being homeless.

Program Income - Gross income received by the recipient or subrecipient directly generated from the use of HOME, CDBG, or HOME matching contributions. When program income is generated by

housing that is only partially assisted with federal funds, the income shall be prorated to reflect the percentage of federal funds used. Program income includes, but is not limited to, the following:

- Proceeds from the disposition by sale or long-term lease of real property acquired, rehabilitated, or constructed with HOME, CDBG, or HOME matching contributions;
- Gross income from the use or rental of real property, owned by the recipient or subrecipient that was acquired, rehabilitated, or constructed, with HOME, CDBG, or HOME matching funds, less costs incidental to generation of the income;
- Payments of principal and interest on loans made using HOME, CDBG, or HOME matching funds;
- Proceeds from the sale of loans made with HOME, CDBG, or HOME matching funds;
- Proceeds from the sale of obligations secured by loans made with HOME, CDBG, or HOME matching funds;
- Interest earned on program income pending its disposition

Department of Commerce program income may be used as local match for CDBG projects. Applicants should contact IDOC for further information regarding un-obligated program income cash balances and their eligible uses.

Public Facilities (Emergency Shelter and Youth Shelter) - Acquisition, construction, reconstruction, rehabilitation, or installation of public facilities and improvements carried out by the recipient or other public or private nonprofit entities. In undertaking such activities, design features and improvements that promote energy efficiency may be included. Facilities designed for use in providing shelter for persons having special needs are considered public facilities and are not subject to the prohibition of new housing construction. Such facilities include shelters for the homeless; battered spouse shelters; halfway houses for run-away children; and temporary housing for disaster victims. In certain cases, nonprofit entities and subrecipients may acquire title to public facilities. When such facilities are owned by nonprofit entities or subrecipients, they shall be operated so as to be open for use by the general public during all normal hours of operation.

Special policies governing facilities apply to facilities containing both eligible and ineligible uses. A public facility otherwise eligible for assistance under the CDBG program may be provided with CDBG funds even if it is part of a multiple use building containing ineligible uses.

Recapture – A mechanism to recoup all or a portion of the direct subsidy if the beneficiary decides to sell the assisted unit within the affordability period. The funds subject to recapture are based on the amount of assistance that enabled the buyer to buy the dwelling unit. This includes any assistance that reduced the purchase price from the fair market value to an affordable price (homebuyer subsidy), but excludes the amount between the cost of producing the unit and the market value (development subsidy). IHFA has adopted a method for calculating the amount of recapture based on the net proceeds from the sale of the house shared between IHFA and the owner. If the net proceeds are not sufficient to recapture the full amount of the IHFA investment plus recover the amount of the homeowner's down payment and any capital improvement made by the owner since purchase, IHFA will share the net proceeds.

Reconstruction - The rebuilding, on the same lot, of housing standing on a site at the time of project commitment. The number of housing units on the lot may not be decreased or increased as part of a reconstruction project, but the number of rooms per unit may be increased or decreased. Reconstruction also includes replacing an existing substandard unit of manufactured housing with a new or standard unit of manufactured housing.

Rehabilitation – To restore to good condition or capacity; any construction related activities that are necessary to bring the property into compliance with federal, state, or local building or housing codes.

Religious Organizations - Community Development Block Grant - Funds may be used to rehabilitate buildings owned by primarily religious entities to be used for a wholly secular purpose under the following conditions: (1) The building (or portion thereof) that is to be improved with the CDBG assistance has been leased to an existing or newly established wholly secular entity (which may be an entity established by the religious entity); (2) The CDBG assistance is provided to the lessee (and not the lessor) to make the improvements; (3) The leased premises will be used exclusively for secular purposes available to person regardless of religion; (4) The lessor enters into a binding agreement that unless the lessee, or a qualified successor lessee, retains the use of the leased premises for a wholly secular purpose for at least the useful life of the improvements, the lessor will pay to the lessee an amount equal to the residual value of the improvements.

As a general rule, CDBG funds may be used for eligible public services to be provided through a primarily religious entity, where the religious entity enters into an agreement with the recipient or subrecipient from which the CDBG funds are derived that, in connection with the provisions of such services: (1) It will not discriminate against any employee or applicant for employment on the basis of religion and will not limit employment or give preference in employment to persons on the basis of religion; (2) It will not discriminate against any person applying for such public services on the basis of religion and will not limit such services or give preference to persons on the basis of religion; (3) It will provide no religious instruction or counseling, conduct no religious worship or services, engage in no religious proselytizing, and exert no other religious influence in the provision of such public services.

Religious Organizations - HOME Investment Partnerships Program - Funds may not be provided to primarily religious organizations, such as churches, for any activity including secular activities. In addition, HOME funds may not be used to rehabilitate or construct housing owned by primarily religious organizations or to assist primarily religious organizations in acquiring housing. However, HOME funds may be used by a secular entity to acquire housing from primarily religious organizations, and a primarily religious entity may transfer title to property to a wholly secular entity and the entity may participate in the HOME program in accordance with the requirements of this part. The entity may be an existing or newly established entity (which may be an entity established but not controlled, by the religious organization). The completed housing project must be used exclusively by the owner entity for secular purpose and available to all persons, regardless of religion. In particular, there must be no religious or membership criteria for tenants of the property.

Rent Up Reserve - This reserve is meant to meet any shortfall in development income during the rent-up period.

Replacement Reserves – Funds used to initially capitalize a reserve fund used for major capital repairs to a rental housing facility. These funds cannot be applied to either a HOME or CDBG grant. Replacement reserves can be either capitalized on the development budget (Project Uses of Funds, Exhibit 8) or through operating cash flow.

Resale – Resale restrictions apply to assisted units with development subsidy only and require the seller to sell the property only to a low-income household that will use the property as their principle residence. The assisted unit must retain all HOME requirements for the duration of the affordability period.

Seasonal Farm Worker - A person employed in agricultural work of a seasonal or other temporary nature who is not required to be absent overnight from his or her permanent place of residence. Exceptions are immediate family members of an agricultural employer or a farm labor contractor.

Section 8 Income - The gross amount of income of all adult household members anticipated during the coming 12-month period. This definition sounds straightforward, but there are several specific issues related to the calculation of annual income, see [HUD's website](#) for further guidance.

Single Family Property - A one to four family structure in which one household owns the property and occupies one of the units as its principal residence.

Single Room Occupancy (SRO) - SRO housing consists of single room dwelling units that are the primary residence of the occupant(s). If the project consists of new construction, conversion of non-residential space, or reconstruction, SRO units must contain either food preparation or sanitary facilities, they may contain both. For projects involving acquisition or rehabilitation of an existing residential structure or hotel, neither food preparation nor sanitary facilities are required to be in the unit. However, if individual units do not contain bathroom facilities, the building must contain bathroom facilities that are shared by tenants. SRO housing does not include facilities for students. Please see the appropriate program description for rent control issues.

Single Site – A development consisting of one construction site, contiguous lots, and/or one address.

Site Control - Site control includes an option to purchase property which has an expiration date no earlier than the scheduled board award date, a letter of commitment to donate the property, or a deed indicating the applicant or sub grantee has already taken ownership of the property.

Site and Neighborhood Standards – [24 CFR 983.6(b)] The proposed sites for new construction units must be approved by the HUD field office as meeting the following site and neighborhood standards:

1. The site must be adequate in size, exposure, and contour to accommodate the number and type of units proposed, and adequate utilities (water, sewer, gas, and electricity) and streets must be available to service the site.
2. The site and neighborhood must be suitable from the standpoint of facilitating and furthering full compliance with the applicable provisions of title VI of the Civil Rights Act of 1964, the Fair Housing Act, Executive Order 11063, and implementing HUD regulations.
3. (i) The site must not be located in an area of minority concentration, except as permitted under paragraph (ii) of this section, and must not be located in a racially mixed area if the project will cause a significant increase in the proportion of minority to non-minority residents in the area.
(ii) A project may be located in an area of minority concentration only if:
 - (A) Sufficient, comparable opportunities exist for housing for minority families, in the income range to be served by the proposed project, outside areas of minority concentration (see paragraph (iii)) of this section for further guidance on this criterion); or
 - (B) The project is necessary to meet overriding housing needs that cannot be met in that housing market area (see paragraph (iv) of this section for further guidance on this criterion).
- (iii)(A) “Sufficient” does not require that in every locality there be an equal number of assisted units within and outside of areas of minority concentration. Rather, application of this standard should produce a reasonable distribution of assisted units each year that, over a period of several years, will approach an appropriate balance of housing choices within and outside areas of minority concentration. An appropriate balance in any jurisdiction must be determined in light of local conditions affecting the range of housing choices available for low-income minority families and in relation to the racial mix of the locality's population.
(B) Units may be considered “comparable opportunities” if they have the same household type (elderly, disabled, family, large family) and tenure type (owner/renter); require

approximately the same tenant contribution towards rent; serve the same income group; are located in the same housing market; and are in standard condition.

- (C) Application of this sufficient, comparable opportunities standard involves assessing the overall impact of HUD-assisted housing on the availability of housing choices for low-income minority families in and outside areas of minority concentration, and must take into account the extent to which the following factors are present, along with other factors relevant to housing choice:
- (1) A significant number of assisted housing units are available outside areas of minority concentration.
 - (2) There is significant integration of assisted housing projects constructed or rehabilitated in the past 10 years, relative to the racial mix of the eligible population.
 - (3) There are racially integrated neighborhoods in the locality.
 - (4) Programs are operated by the locality to assist minority families that wish to find housing outside areas of minority concentration.
 - (5) Minority families have benefited from local activities (e.g., acquisition and write-down of sites, tax relief programs for homeowners, acquisitions of units for use as assisted housing units) undertaken to expand choice for minority families outside of areas of minority concentration.
 - (6) A significant proportion of minority households has been successful in finding units in non-minority areas under the Section 8 certificate and voucher programs.
 - (7) Comparable housing opportunities have been made available outside areas of minority concentration through other programs.
- (iv) Application of the “overriding housing needs” criterion, for example, permits approval of sites that are an integral part of an overall local strategy for the preservation or restoration of the immediate neighborhood and of sites in a neighborhood experiencing significant private investment that is demonstrably changing the economic character of the area (a “revitalizing area”). An “overriding housing need,” however, may not serve as the basis for determining that a site is acceptable if the only reason the need cannot otherwise be feasibly met is that discrimination on the basis of race, color, religion, sex, national origin, age, familial status or disability renders sites outside areas of minority concentration unavailable or if the use of this standard in recent years has had the effect of circumventing the obligation to provide housing choice.
4. The site must promote greater choice of housing opportunities and avoid undue concentration of assisted persons in areas containing a high proportion of low-income persons.
 5. The neighborhood must not be one that is seriously detrimental to family life or in which substandard dwellings or other undesirable conditions predominate, unless there is actively in progress a concerted program to remedy the undesirable conditions.
 6. The housing must be accessible to social, recreational, educational, commercial, and health facilities and services, and other municipal facilities and services that are at least equivalent to those typically found in neighborhoods consisting largely of unassisted, standard housing of similar market rents.
 7. Except for new construction housing designed for elderly persons, travel time and cost via public transportation or private automobile, from the neighborhood to places of employment providing a range of jobs for lower-income workers, must not be excessive.

Special Needs Population - Includes elderly persons, persons with disabilities, homeless individuals and families, persons with a mental impairment, female-headed households, single-parent households, or migrant/seasonal farm workers.

Subrecipient - A public agency or private 501(c)3 or (c)4 non-profit organization other than the legal applicant that will administer or implement any portion of a grantee’s HOME or CDBG eligible activities. The selection of a subrecipient is not subject to procurement procedures or requirements.

Substantial Reconstruction - Includes the rebuilding of existing housing, on the same foundation or the same footprint, standing on a site at the time that owner eligibility is determined by the local unit of government. Rooms may be added outside the footprint of the housing being reconstructed in order to alleviate occupancy issues, but the reconstructed housing must essentially be similar to the original housing. Housing must meet all applicable rehabilitation standards.

For substantial reconstruction, the unit of local government must determine the following and provide documentation to IHFA regarding the following items:

- 1) That the housing to be reconstructed is unsuitable for rehabilitation. Housing that is unsuitable for rehabilitation is housing that is substandard and not financially or structurally feasible for rehabilitation. This determination must be documented by the grantee or its agents. Such documentation should include inspection forms and cost estimates for rehabilitation and cost estimates for reconstruction which demonstrates that the cost of substantial reconstruction is significantly less than the cost of rehabilitation; and
- 2) The estimated cost of reconstruction is at least 20 percent less than the estimated cost of purchasing comparable newly constructed housing (including land) located in that neighborhood or in a comparable neighborhood of the unit of local government (for purposes of this paragraph, comparable newly constructed housing means a newly constructed residential structure of approximately the same size on a lot of approximately the same size); and
- 3) The estimated cost of the reconstruction is less than the fair market value of the reconstructed housing and land based on an appraisal obtained before reconstruction; and
- 4) The unit is located on land held by the owner in fee-simple title or 99-year leasehold.

Supportive Services – Services intended to help an individual become more self-sufficient and independent.

Total Tenant Rent – Tenant paid rent plus amount of subsidy plus tenant paid utilities

Transitional Housing - A project that is designed to provide housing and appropriate supportive services to persons, including (but not limited to) deinstitutionalized individuals with disabilities, homeless individuals with disabilities, and homeless families with children, including abused women and their children; and has as its purpose facilitating the movement of homeless persons to permanent housing within 24 months, or within a longer period as determined necessary to facilitate the transition. It does not include emergency shelters.

Very Low Income Household - A household that has verifiable annual income less than or equal to 50% of the area median income adjusted for family size.

Youth Shelter – A facility that houses and serves children under the age of 21 that are either wards of the state or homeless. These children may be pre-delinquent teens, or non-violent, neglected, or abused youth. This term does not include any individual imprisoned or otherwise detained under an Act of the Congress or a state law. The housing provided by this program must be full-time (7 days a week, 24 hours a day) and does not include daycare facilities.

Indiana Housing Finance Authority
Frequently Used Acronyms

Acronym	Definition
AHP	Affordable Housing Program – grant program through the Federal Home Loan Bank
AMI	Area Median Income
BMIR	Below market interest rate
CAP	Community Action Program agency
CBDO	Community Based Development Organization – As defined by the CDBG regulations in 24 CFR 570.204(c)
CDBG	Community Development Block Grants (24 CFR Part 570)
CDC	Community Development Corporation
CDFI	Community Development Finance Institution
CHDO	Community housing development organization – a special kind of not-for-profit organization that is certified by the Indiana Housing Finance Authority
CPD Notice	Community Planning and Development Notice – issued by the U.S. Department of Housing and Urban Development to provide further clarification on regulations associated with administering HUD grants
DHPA	Division of Historic Preservation and Archeology, a division of the Department of Natural Resources and serves as the State Historic Preservation Officer for Indiana
DNR	Department of Natural Resources
ER	Environmental Review
ESG	Emergency Shelter Grant – operating grants for emergency shelters. Applied for through the Family and Social Services Administration
FEMA	Federal Emergency Management Agency
FHLBI	Federal Home Loan Bank of Indianapolis
First Home	Single family mortgage program through IHFA that combines HOME dollars for down payment assistance with a below market interest rate mortgage
FMR	Fair market rents
FMV	Fair market value
FSP Memo	Federal and State Programs Memo – issued by IHFA to provide clarification or updated information regarding grant programs IHFA administers
FSSA	Family and Social Services Administration
HLFI	Historic Landmarks Foundation of Indiana
HNA	Housing Needs Assessment
HOC/DPA	Homeownership Counseling/Down Payment Assistance
HOME	HOME Investment Partnerships Program (24 CFR Part 92)
HOPWA	Housing Opportunities for Persons with AIDS
HQS	Housing Quality Standards
HUD	U.S. Department of Housing and Urban Development
IACED	Indiana Association for Community Economic Development
ICHHI	Indiana Coalition on Housing and Homeless Issues, Inc.
IDEM	Indiana Department of Environmental Management
IDFA	Indiana Development Finance Authority
IDOC	Indiana Department of Commerce
IDNR	Indiana Department of Natural Resources
IHART	Indiana Housing Assistance Review Team
IHFA	Indiana Housing Finance Authority
IHFA Info	Information about IHFA programs and services provided to IHFA Info members by e-

Acronym	Definition
	mail
LBP	Lead-based paint
IM	Implementation Manual – given to all IHFA recipients at the start-up training. It provides guidance on the requirements of administering IHFA awards.
HTF	Housing Trust Fund
LISC	Local Initiatives Support Corporation
LUG	Local Unit of Government (city, town, or county)
MBE	Minority Business Enterprise – certified by the state Department of Administration
NAHA	National Affordable Housing Act of 1990 – federal legislation that created the HOME Investment Partnerships Program
NC	New construction
NFP	Not-For-Profit Corporation
NOFA	Notice of Funds Availability
OOR	Owner-occupied rehabilitation
PHA	Public Housing Authority
PITI	Principal, interest, taxes, and insurance – the four components that make up a typical mortgage payment
PJ	Participating Jurisdiction
QCT	Qualified census tract
RFP	Request for Proposals
RHTC	Rental Housing Tax Credits (also called Low Income Housing Tax Credits or LIHTC)
S+C	Shelter Plus Care - part of the McKinney grant that is applied for directly to HUD through the Super NOFA application
SHP	Supportive Housing Program - part of the McKinney grant that is applied for directly to HUD through the Super NOFA application
SHPO	State Historic Preservation Officer (the Division of Historic Preservation and Archeology serves in this capacity for the State of Indiana)
SRO	Single room occupancy
Super NOFA	Notice of Funds Availability issued by HUD for a number of grant programs. It is an annual awards competition. Shelter Plus Care and Supportive Housing Program are some of the programs applied for through this application process.
TBRA	Tenant-Based Rental Assistance
TDC	Total development costs
URA	Uniform Relocation Act
USDA	United States Department of Agriculture (Rural Development)
WBE	Women Business Enterprise – certified by the state Department of Administration

